



## AIDING AND ABETTING? THE GCC STATES, FOREIGN ASSISTANCE, AND SHIFTING APPROACHES TO STABILITY

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“Aiding and Abetting? The GCC States, Foreign Assistance, and Shifting Approaches to Stability”

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## Executive Summary

- Although not as high profile as the donor nations of the Organisation for Economic Co-operation and Development (OECD), the Gulf Cooperation Council (GCC) states have been and are prolific funders of humanitarian and developmental aid, and other forms of foreign assistance.
- With purse strings tightening in Western capitals and the United Nations and other organizations casting an increasingly wide net in their pursuit of funding—particularly for aid and reconstruction projects across the Middle East—the Gulf states are well-positioned to become increasingly important voices in the humanitarian and development spaces.
- It remains unclear, however, how reliable some states, particularly Saudi Arabia, will be, as they attempt to chart a more assertive foreign policy path and get more return on investment abroad and at the level of multilateral organizations.
- It is also unclear to what extent Gulf states have adopted, or considered taking, a “whole-of-government” approach to foreign assistance—and whether there is joined-up thinking on lessons learned at home and abroad.
- More concerning for policymakers is the tendency among the GCC states to politicize the deployment of aid, and to engage in a transactional approach to donorship.

## Introduction

The six member-states of the Gulf Cooperation Council (GCC) have not historically been seen as thought leaders in either foreign affairs or international development. Yet over the past four decades they have been the source of large amounts of overseas development assistance (ODA), humanitarian aid, and other forms of support for developing and crisis-afflicted countries, both through state-led channels and through the work of private organizations and individual donors.

With their own experiences of rapid development over the past several decades and lengthy experience of working in underdeveloped and fragile contexts, the GCC states should have a considerable store of institutional knowledge with respect to development. If broader transactional arguments for foreign aid are to be believed, they should also have been able to earn considerable soft power abroad.

Yet there is an open question as to whether 1) lessons have been learned from experience overseas and at home; 2) whether development assistance and other forms of foreign assistance has translated into either power or influence; 3) what strategic agenda ODA and other forms of assistance serve for the GCC states beyond broad conceptions of “soft power”; and 4) whether Western allies and partners conceive of aid in the same way as the Gulf states.

In particular, it is unclear whether ODA, humanitarian aid, and other forms of financial assistance are seen as tools for achieving long-term policy goals as part of a “whole of government”<sup>1</sup> approach to fragile contexts, or as short-term plays aimed at achieving limited goals that are often political in nature. This is a particularly pertinent question in the context of the current era of what the author has termed the “chaos state” elsewhere.<sup>2</sup> From a Western policymaking perspective, meanwhile, any discussion of foreign assistance from the Gulf states must also include a frank discussion of funding for religious and armed groups seen as detrimental to their domestic security and foreign interests.

Over the past decade, three Gulf states—Qatar, Saudi Arabia, and the United Arab Emirates (UAE)—have become particularly visible and, in the case of Saudi Arabia and the UAE, assertive political and even military players in the Middle East and beyond. In recent years, Riyadh has taken a far more aggressive position on aid at the UN. At the same time, the rhetoric of many Western political systems has moved toward increased nativism, and correspondingly toward a more transactional approach to ODA and other forms of assistance, and mooting cuts to overseas assistance. This has created an opening for nontraditional donors to emerge as leaders in these spaces.

Most discussions around post-conflict reconstruction projects in the Middle East and North Africa (MENA) involve fundamental assumptions around GCC funds. At the same time, competition between the Gulf states regional rivals, most notably Iran—and indeed with one another, as is the case with the rivalry between Qatar on one side and Bahrain, Saudi Arabia, and the UAE on the other—is also incentivizing the politicization of aid.

This paper, researched and written between January and December 2017, does several things. It places the GCC states’ individual approaches to aid, development, and foreign assistance in historical context. It then discusses both evolving regional dynamics, states’ positions within those dynamics—and approaches to aid, development, and fragile contexts. Finally, it provides an appraisal of key differences between the approach of key GCC states and Western/ international institutional approaches that are often overlooked in policy work, using Yemen—the primary area of the author’s expertise—as a case study.

The paper argues that the approach of the UAE and Saudi Arabia in particular must be seen in the context of long-term thinking and regional competition; and that this approach is both adaptive to the current era of the “chaos state”—where many states exist only as lines on maps and concepts in papers, and in reality are governed by multiple local and ideological groups with varying degrees of “grounded legitimacy”—and likely to exacerbate it. As a result, end-goals are likely to be substantially different (on paper at least) from those of officials in London, Washington, D.C., or at the World Bank.

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<sup>1</sup> See Stewart Patrick and Kaysie Brown, “Greater Than the Sum of Its Parts? Assessing ‘Whole of Government’ Approaches to Fragile States,” *Center for Global Development*, June 2007, [https://www.cgdev.org/doc/weakstates/Fragile\\_States.pdf](https://www.cgdev.org/doc/weakstates/Fragile_States.pdf).

<sup>2</sup> See Peter Salisbury, “Yemen: National Chaos, Local Order,” *Chatham House*, December 2017, <https://www.chathamhouse.org/sites/files/chathamhouse/publications/research/2017-12-20-yemen-national-chaos-local-order-salisbury2.pdf>.

## Quiet Giants? The GCC states' ODA, humanitarian assistance, direct aid, and other forms of assistance

ODA is a measure of development spending, official statistics for which are usually taken from governments' budgetary statements.<sup>3</sup> Assessments of states' aid and development priorities, and the impact of their spending, is usually reliant on public information provided by donors.

Historically, the most prominent donor nations, and the most transparent in their spending, have been the members of the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC), a 30-member grouping that describes itself as the “venue and voice” of major donor countries.<sup>4</sup> Other prominent players in development, humanitarian assistance and fiscal support are the UN, World Bank, and International Monetary Fund (IMF), along with more recent additions like the African Development Bank, the Asian Development Bank, and the Inter-American Development Bank, all of which hold observer status within the DAC.

From the late 1990s onward, the member states of the GCC became increasingly visible in the humanitarian and development spaces the DAC members have long viewed as their domain. The GCC states “ranked competitively amongst the donor community” in their responses to the December 2004 Indian Ocean tsunami, particularly when aid dispersals were measured against GDP.<sup>5</sup> With many Western governments focused on the so-called global war on terror and organizations like the UN and World Bank in search of new funding streams, this led to new interest in—and scrutiny of—the GCC states' aims and agendas with respect to their development and aid programs. As the Overseas Development Institute (ODI) noted in 2005, “little independent research or analysis has been undertaken on the role of these donors in humanitarian action.”<sup>6</sup>

A lack of visibility (Qatar and the UAE only started publishing detailed reports on ODA and other forms of aid in 2009 and 2010 respectively, and the UAE now has “Participant” status in the DAC; there are still no verifiable breakdowns of aid from Kuwait and Saudi Arabia) and external research did not mean that the GCC states had not been donors.

### *Quiet Giants*

A veteran aid worker, who has been employed by Western agencies, the UN, and a major Gulf state's main aid organization, describes Kuwait, Saudi Arabia, and the UAE in

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<sup>3</sup> See “Official development assistance—definition and coverage,” *OECD*, <http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm>.

<sup>4</sup> See “DAC in Dates, The History of OECD's Development Assistance Committee,” *OECD*, 2006, <http://www.oecd.org/dac/1896808.pdf>.

<sup>5</sup> Lin Cotterrell and Adele Harmer, “Diversity in donorship: the changing landscape of official humanitarian aid— Aid donorship in the Gulf States,” *Overseas Development Institute*, September 2005, <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/414.pdf>.

<sup>6</sup> Cotterrell and Harmer, “Diversity in donorship.”

particular as “quiet giants” in the humanitarian and development space.<sup>7</sup> Kuwait has been described as an “inveterate” donor,<sup>8</sup> while Saudi Arabia has claimed to have given away more than 4% of its annual GDP as ODA in the past.<sup>9</sup> The UAE and Qatar have also become huge donors and sponsors of economic development projects over the past two decades.

“In the Middle East, Africa, and in Islamic countries in Asia, the Gulfies have been there as long as they have had oil money,” the aid official says. “Just because you haven’t noticed them before that doesn’t mean that they haven’t been there, and a lot of the time it’s because they haven’t been operating in the same way as the U.S. or Europeans or whoever. The more recent phenomenon has been that they have been entering the same space [as the OECD countries], and they are often not as experienced or sophisticated in that space, so they are seen as these newcomers.”<sup>10</sup>

### *Gulf Aid in Context*

There has not been a uniform process for the creation of development or aid bodies in the Gulf.

**Figure 1.** GCC ODA Agencies

Organization	Year Founded
Kuwait Fund for Arab Economic Development	1961
Abu Dhabi Fund for Development	1971
Saudi Fund for Development	1974
Royal Charity Organization (Bahrain)	2001
Qatar Fund for Development	2002

Source: Compiled by author

A number of personalized agencies, quasi-nongovernmental organizations operating under the auspices of senior members of ruling families, were also formed during this period. These included bodies like the Qatar Foundation and the UAE’s Zayed Bin Sultan Al Nahyan Charitable and Humanitarian Foundation. Most of the Gulf states have local branches of the Red Crescent Society, an affiliate of the International Committee of the Red Cross.

<sup>7</sup> Author interview via Skype, November 2017.

<sup>8</sup> Hesan Alojayan, “[Kuwait’s Economic Toolkit: Foreign Aid & the Kuwait Investment Authority](http://blogs.lse.ac.uk/mec/2015/11/13/kuwaits-economic-toolkit-foreign-aid-the-kuwait-investment-authority/),” London School of Economics *Middle East Blog*, November 13, 2015, <http://blogs.lse.ac.uk/mec/2015/11/13/kuwaits-economic-toolkit-foreign-aid-the-kuwait-investment-authority/>.

<sup>9</sup> Literature produced by the Saudi-American Public Relations Affairs Committee cites a figure of 3.7% of GDP between 1975 and 2016. See Saudi Foreign Aid, *SAPRAC*, 2016, [https://www.saprac.org/uploads/2/4/0/6/24062436/saudi\\_foreign\\_aid.pdf](https://www.saprac.org/uploads/2/4/0/6/24062436/saudi_foreign_aid.pdf).

<sup>10</sup> Author interview via Skype, November 2017.

All of the GCC states are members of the Jeddah-headquartered Islamic Development Bank (IDB) and the Kuwait-based Arab Fund for Economic and Social Development (AFESD), multilateral institutions that rely primarily on the GCC states for the billions of dollars in funding that they utilize. The major GCC oil producers are also key contributors to the OPEC [Organization of Petroleum Exporting Countries] Fund for International Development (OFID).<sup>11</sup> GCC states—most notably Kuwait, Qatar, the UAE, and Saudi Arabia—have also become increasingly prominent donors to the World Bank and UN humanitarian and development programs over the past several decades.

In addition, GCC countries have been the source of direct fiscal support for other states. Following the Arab Spring uprisings of 2011, the GCC pledged \$20bn to Bahrain and Oman, the GCC states that were most affected by unrest,<sup>12</sup> and many billions more to the governments of Egypt, Morocco, Tunisia, and Yemen, in many cases helping stave off fiscal and foreign exchange crises.

### *Increased Visibility*

One of the major changes in approach to foreign assistance since the 1960s has been increased visibility, oversight, and, to an extent, transparency, in the way that foreign assistance is dispersed; and the degree to which aid is seen as a tool of soft power and public relations. By contrast the Gulf states, while happy if not eager to announce large pledges, remain less avuncular when it comes to detailed analysis of the way their funds are spent.

The author of this report, working in Yemen in the early 2010s, spent several weeks approaching GCC-led aid agencies working in the Arab world's poorest country. Few figures on spending or documents on projects were publicly available, and senior officials from NGOs and state-led organizations did not want to meet with a Western journalist.

“It was strange,” says an aid worker who held a senior UN position at the time. “You’d turn up in this village or that, expecting people to be in dire shape, and they’d have food and medicine from some GCC aid agency, or a brand new well sponsored by a Gulf charity or just a Gulf businessman who had workers from that particular place. There was no record of it at the planning ministry, and we’d be unsure of how to proceed.”<sup>13</sup> Similarly, aid officials who worked in Yemen during this period report assessments of rural areas where they discovered schools and medical facilities for which the planning ministry had few records.

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<sup>11</sup> OFID at a Glance, OFID website, viewed November 21, 2017, <http://www.ofid.org/ABOUT-US>.

<sup>12</sup> Caryle Murphy, “GCC to set up \$20bn bailout fund for Bahrain and Oman,” *The National*, March 11, 2011, <https://www.thenational.ae/world/mena/gcc-to-set-up-20bn-bailout-fund-for-bahrain-and-oman-1.413176>.

<sup>13</sup> Author interview via telephone, October 2017.



*Light-touch Regulation: A Cause for Concern*

Lightly regulated Gulf individuals and private charities are major funders of everything from mosques to local charities and, allegedly, militant groups, a particular cause for concern for Western governments. This has been and is a cause for concern among Western governments. In testimony to the U.S.'s Senate Judiciary Committee in 2010 Evan F. Kohlmann, an American counterterrorism expert, cited CIA documentation while claiming that the line between aid organizations, NGOs, and sponsorship of militant groups had been blurred in the past in Afghanistan. Saudi Red Crescent vehicles, he claimed, were used to transport fighters to and from frontlines.<sup>14</sup>

“By clothing their militant activity with charitable ideals, leaders of nascent terrorist and paramilitary organizations discovered that they were able to slip below the radar of many international intelligence agencies,” Kohlmann stated. In his testimony, he added that the CIA estimated at the time “approximately one-third of these Islamic NGOs support terrorist groups or employ individuals who are suspected of having terrorist connections.”<sup>15</sup>

Similarly, during the Balkan wars of the early 1990s, aid from the GCC states—most notably Saudi Arabia—was funneled to Islamist groups across various theaters, with cash and arms for fighters reportedly commingled with humanitarian assistance. Fighters from the Balkans who had taken part in Afghanistan’s civil war were funded and deployed by Saudi and other Gulf individuals and groups (including Osama bin Laden).

The Saudi Arabian High Commission for Donations to Bosnia-Herzegovina, set up by then-King Fahd of Saudi Arabia and overseen by the present king, Salman, funneled hundreds of millions of dollars raised from the royal family and other private individuals into the Balkans and retained a presence after the Bosnian war ended. The commission “built, rebuilt, or refurbished schools, colleges, libraries, and more than 600 mosques in different Bosnian cities, printed and distributed free educational books, as well as more than half a million copies of the Quran,” according to Saudi state literature.<sup>16</sup>

The commission was also later implicated in funding for extremist groups and the propagation of severely conservative interpretations of Sunni Islam distinct from local practices, although these allegations were never proven in a court of law—as they were in a number of cases related to other Saudi-linked groups elsewhere in the region, most notably Kosovo.<sup>17</sup> Charities and financial networks in Kuwait, Qatar, Saudi Arabia, and the UAE

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<sup>14</sup> Testimony of Evan F. Kohlmann before the Senate Committee on the Judiciary, Subcommittee on Crime and Drugs, “Evaluating the Justice Against Sponsors of Terrorism Act, S. 2930,” Senate Judiciary Committee, July 14, 2010, <https://www.judiciary.senate.gov/imo/media/doc/07-14-10%20Kohlmann%20Testimony.pdf>.

<sup>15</sup> Testimony of Evan F. Kohlmann, 2010.

<sup>16</sup> <https://kfip.org/the-saudi-arabian-high-commission-for-donations-to-bosnia-herzegovina/>.

<sup>17</sup> Carlotta Gall, “How Kosovo was turned into fertile ground for ISIS,” *New York Times*, May 21, 2016, <https://www.nytimes.com/2016/05/22/world/europe/how-the-saudis-turned-kosovo-into-fertile-ground-for-isis.html>; Matthew Levitt, “Charitable Organizations and Terrorist Financing: A War on Terror Status-Check,” *Washington Institute*, March 19, 2004,



have all been implicated in financing extremist networks in Syria since civil war broke out there in 2011, meanwhile, although all four have made considerable efforts to improve their counterterror financing capacity, in conjunction with the U.S.<sup>18</sup> Each country has since created new charity regulations and regulators. In 2015, Dubai introduced what were seen at the time as among the toughest rules for charities in the world.

Despite recent improvements, such issues have been a source of concern—and embarrassment—for the GCC states' Western partners. The U.S. government has attempted to maintain a steady relationship with Saudi Arabia despite the passage of the Justice Against Sponsors of Terrorism Act, designed to allow 9/11 victims' families to sue the Saudi state, while the UK government has actively prevented the publication of a report on foreign support for UK-based jihadist groups, allegedly because of the report's focus on Saudi Arabia. According to well-connected researchers and diplomats, governments in southeast Asia and the Horn of Africa with large and majority Muslim populations have also expressed serious concern over the work of Saudi-backed groups in promoting a conservative Salafist interpretation of Islam.<sup>19</sup>

Says a Western European government official: "Our government and our parliament don't necessarily think the Saudi state is involved in sponsoring a Wahhabi agenda, but there are mosques and clerics that have been funded by Saudi individuals and organizations that we find very worrying and whose agenda is questionable. We discuss this with the Saudis, but it does make us wonder what goes on elsewhere and what agenda aid might be used for."<sup>20</sup>

This creates a conundrum for policymakers. The same official frames the policy issue for Western governments in this way: "The economic balance of power is shifting, and a lot of Europeans in particular are looking at the Gulf as a place where there are resources to be mined for their countries' benefits. There has also been a sense that the Gulf states should do more in the region and in the world on development and now reconstruction. Europe and the U.S. can't foot the bill for rebuilding Syria, say, and there is a sense that Saudi Arabia or the UAE can. But we also have to recognize that this comes with an added cost, which is that aid might not be used as we like it to be."<sup>21</sup>

The official argues that concerns go beyond proselytization. His government worries that Saudi and UAE foreign assistance to countries like Egypt, Sudan, and even Senegal comes with "strings attached," from participation in a Saudi-led coalition in Yemen to blackballing Qatar and denouncing Iran, in opposition to whom an emerging UAE-Saudi alliance has

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<http://www.washingtoninstitute.org/policy-analysis/view/charitable-organizations-and-terrorist-financing-a-war-on-terror-status-che>.

<sup>18</sup> See Elizabeth Dickinson, "Playing with Fire: Why Private Gulf Financing for Syria's Extremist Rebels Risks Igniting Sectarian Conflict at Home," *Brookings*, December 6, 2013, <https://www.brookings.edu/research/playing-with-fire-why-private-gulf-financing-for-syrias-extremist-rebels-risks-igniting-sectarian-conflict-at-home/>.

<sup>19</sup> Author interviews with a researcher focused on the Horn of Africa and two Western diplomats in London, 2017.

<sup>20</sup> Author interview, May 2017.

<sup>21</sup> Author interview, May 2017.

defined itself. “There are always going to be arguments that aid is politicized,” the official says. “But there is a sense that a new hard transactionalism is emerging.”<sup>22</sup>

## Aid, Soft Power, and Political Agendas

Conceptions and understandings of aid and development have shifted over the past several decades, from traditional, patriarchal notions of charity to more complex thinking on development and sustainable “capacity building.”

The Cold War became a major driver for foreign assistance from the 1950s onward. For some countries, so-called “soft power”—altering others’ behavior “to get what you want” by persuasion rather than coercion or direct transactionalism<sup>23</sup>—has also been a driver for spending overseas. Since the 9/11 attacks and the subsequent global war on terror, foreign assistance has come to be seen as a tool for both improving the standing of countries like the United States in potentially hostile territories, and as part of a “whole-of-government” toolkit for preventing radicalization and ending insurgencies.

This approach has led to accusations that Western governments see aid as part of what is broadly a security-led strategy, aimed at offsetting the indignities of military intervention and drone strikes. A prioritization of relations with questionable regimes over governance has compounded this perception.

It should be noted that states *always* have agendas that go beyond the stated aims of their policies and shift over time, and this is as true of the GCC governments as it is of OECD countries. Since the 1960s, the Gulf states’ conceptualization of and approach to aid and other forms of foreign assistance has evolved, with each country taking a different approach. Kuwait and Saudi Arabia were historical leaders in the region in ODA and other forms of aid, but since the 1990s have been joined by the UAE and, latterly, Qatar.

### *Agendas*

For many of the Gulf states, aid has been a way of earning—or indeed, buying—friends and influence abroad. “Saudi Arabia’s principal means of influence is generous financial aid,” CIA analysts wrote in 1983, when the kingdom was the world’s largest per-capita foreign assistance spender, with funding mainly directed toward its regional allies of the time, including Jordan, Morocco, North Yemen, Iraq, and Syria.<sup>24</sup> Since independence in 1961, Kuwait has painted itself as a “humanitarian state,” with its charitable role abroad promoted as part of national identity in schoolbooks.<sup>25</sup>

<sup>22</sup> Author interview, May 2017.

<sup>23</sup> See Joseph Nye, “Think Again: Soft Power,” *Foreign Policy*, February 23, 2006, <http://foreignpolicy.com/2006/02/23/think-again-soft-power/>.

<sup>24</sup> “Saudi Arabia-United States: Complementary Foreign Policy Goals,” *Central Intelligence Agency*, September 8, 1983, <https://www.cia.gov/library/readingroom/docs/CIA-RDP10C00522R000100660001-7.pdf>.

<sup>25</sup> Hessian Alojayan, “Kuwait’s Economic ‘Toolkit’: Foreign Aid & the Kuwait Investment Authority,” London School of Economics *Middle East Blog*, November 13, 2015.

From the 1960s onward, a key preoccupation for many aid organizations and charitable enterprises in the GCC was the Palestinian cause, a source of shame and unity for the newly formed Arab states.<sup>26</sup> The Lebanese civil war of 1975-1990 also drew large volumes of aid.<sup>27</sup> Researchers and analysts saw the Saudi approach of the 1970s and early 1980s as being one of supporting other monarchies, and using aid to reduce the pull of Nasserist Arab nationalism on the one hand and Soviet socialism on the other, while maintaining its status as a defender of the Palestinian people.

Following Iran's 1979 Islamic Revolution, Saudi—and broader GCC—support for Iraq increased considerably, as Iraq came to be seen, albeit temporarily, as a bulwark against Iranian incursion into the west of the Gulf. The GCC itself was formed in 1981 as a cooperation mechanism for defense against both Iran and Iraq.

The 1990 Iraqi invasion of Kuwait was a turning point for many of the GCC states, not least Kuwait, whose residents bear the scars of the trauma to this day. It has been argued that Kuwait's role as a donor helped convince UN member states to back the country's liberation in the first Gulf War. "The greatest test of Kuwaiti humanitarianism was the overwhelming global support favoring Kuwait during the Iraqi invasion," writes Mara Leichtman.<sup>28</sup> Other Gulf states saw the invasion as a justification for support of multilateral organizations and for closer ties with the U.S. and other Western powers in order to extract security guarantees for the region. (It can also be argued, however, that Kuwait's largesse abroad did it little good during and directly after the invasion, when many beneficiaries of Kuwaiti aid did not intervene politically or otherwise to stay Hussein's hand.)

Lebanon became the site of a struggle for influence between Saudi Arabia, Iran, and Syria, with Riyadh using its growing resource base to underwrite post-1990 reconstruction initiatives led by Rafiq Hariri, a construction magnate whose fortune was made in the kingdom and the Lebanese prime minister from 1992 to 1998 and then from 2000 until 2004.<sup>29</sup>

The 1990s also saw the emergence of Qatar and the UAE as foreign policy—and foreign assistance—players in their own right. Following Hamid bin Khalifa al-Thani's palace coup against his father in 1995, the new Qatari emir moved to accelerate an already independent (of the GCC) foreign policy underpinned by a series of soft-power initiatives. These ranged from the foundation of the news network Al Jazeera to the construction of a Doha

<sup>26</sup> See: Kristian Coates Ulrichsen, "The Gulf States and Israeli-Palestinian Conflict Resolution," *Baker Institute Policy Report*, September 2014,

<https://www.bakerinstitute.org/media/files/files/20f674a4/CME-pub-PolicyReport61.pdf>.

<sup>27</sup> Alistair Harris, "Reconstructing Gaza —Lessons from Lebanon," USIP Briefing, U.S. Institute of Peace, March 2009,

[https://www.files.ethz.ch/isn/102117/2009\\_03\\_USIP\\_0309\\_3.pdf](https://www.files.ethz.ch/isn/102117/2009_03_USIP_0309_3.pdf).

<sup>28</sup> Mara Leichtman, "Kuwaiti Humanitarianism: The History and Expansion of Kuwait's Foreign Assistance Policies," George Mason University/Stimson Center Policy Brief, August 2017,

[https://www.stimson.org/sites/default/files/file-attachments/Kuwaiti%20Humanitarianism-%20The%20History%20and%20Expansion%20of%20Kuwait's%20Foreign%20Assistance%20Policies\\_0.pdf](https://www.stimson.org/sites/default/files/file-attachments/Kuwaiti%20Humanitarianism-%20The%20History%20and%20Expansion%20of%20Kuwait's%20Foreign%20Assistance%20Policies_0.pdf).

<sup>29</sup> See "Lebanon: Reconstruction and Rivalry," *Stratfor Worldview*, August 2006,

<https://worldview.stratfor.com/article/lebanon-reconstruction-and-rivalry>.

headquarters for the Taliban, along with a series of foreign aid and development initiatives in the Arab world and Africa. Qatar can be said to be the Gulf state to have achieved the greatest soft power through its foreign assistance and broader patterns of outreach, selling itself as a neutral political force that gave voice to a multiplicity of voices in a region known for its lack of pluralism. This view would, however, dissipate following the Arab Spring uprisings.

The UAE, shaken by the impact on trade and threat to its oil production facilities and ports posed by the Iran-Iraq war and then the invasion of Iraq, took an increasingly outward-looking approach after 1991, fueled by the rise of the so-called “bani Fatima,” the seven sons of UAE founder Sheikh Zayed al-Nahyan and his favorite wife (who include the present Crown Prince of Abu Dhabi, Sheikh Mohammed bin Zayed al-Nahyan, and the UAE foreign minister, Sheikh Abdullah bin Zayed al-Nahyan). This approach included a deepening relationship with Paris and Washington, D.C., in Abu Dhabi and a broadening of trade ties in Abu Dhabi.

### *New Approaches*

The decade 2000-2010 brought new changes and fresh policy challenges. The 9/11 attacks on the Twin Towers in New York City and the Pentagon in Washington, D.C., led to an inflammation of Islamophobia and ill will toward the Arab world among Western populations, along with suspicions from politicians and policymakers alike. Fifteen of the 19 hijackers on 9/11 were Saudis; two of the remaining four were Emiratis.

It was during this period that the Gulf states came under growing pressure to regulate their charitable sectors and financial systems, an issue that pervades to this day and has become a hot-potato political issue in the case of Qatar. Yet broader shifts were to come in foreign policy and assistance during the presidency of Barack Obama and after the Arab Spring uprisings of 2011.

Obama was critical of the Gulf states, describing them in an exit interview on his foreign policy approach as “free-rider” allies who hoped to draw the United States into their regional rivalries driven by tribalism and sectarianism.<sup>30</sup> When, in 2011, protestors took to the streets in Bahrain, Egypt, Libya, Syria, Tunisia, and Yemen (among other countries), a number of Gulf leaders (particularly those of Bahrain, Saudi Arabia, and the UAE) were angered by the administration’s failure to give wholehearted support to regional partners—and by later calls for them to step down and the U.S. failure to intervene decisively in Syria. Fears over growing Iranian influence in the region, which had expanded rapidly following the U.S. invasion of Iraq in 2003, deepened.

Arguably, a problem for the Gulf states, however, was that they had failed to project power, be it soft, hard, or through transactionalism. The GCC states had not been able to convince the U.S. not to invade Iraq, and could not prevent the less wealthy Iranian Islamic Republic

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<sup>30</sup> Jeffery Goldberg, “The Obama Doctrine,” *The Atlantic*, April 2016, <https://www.theatlantic.com/magazine/archive/2016/04/the-obama-doctrine/471525/>.

from projecting both hard and soft power across the region, from Iraq to Sudan to Lebanon and latterly in Syria; and were not perceived as “hard” military powers. In Yemen, decades of payments to tribal leaders and the regime of president Ali Abdullah Saleh had not provided Saudi Arabia with the ability either to halt regime infighting or convince Saleh—a supposed U.S. and Saudi client—to absent himself fully from politics after he finally agreed to step down in November 2011.

In the case of Saudi Arabia and the UAE, the subsequent period has been one of adjustment toward a more assertive form of power projection through a variety of mediums including foreign assistance, accelerated by the emergence of Saudi Crown Prince Mohammed bin Salman and the burgeoning relationship between “MbS” and his counterpart Mohammed bin Zayed (known as “MbZ”), the Crown Prince of Abu Dhabi and de facto ruler of the UAE. The next section of the paper analyzes this new approach through the lens of Yemen, where these two countries have become key hard power players and have used aid and other forms of foreign assistance to further their aims.

## Yemen: A Case Study

Yemen, the Arab world’s poorest country, has long been a source of instability across the Arabian Peninsula and, by extension, a cause for particular concern among the GCC states, particularly Saudi Arabia, which had historically taken an approach of “containment and maintenance” toward a neighbor with which it shares a 1,800km border.<sup>31</sup> Yemen also serves as a useful case study for shifting attitudes toward foreign assistance among the Gulf states, culminating in a current context in which Saudi Arabia and the UAE have become major players as donors and implementers.

Modern relations between Saudi Arabia, other GCC states, and Yemen were shaped by two uprisings, one led by Arab Nationalist republicans in the north against the country’s religious monarch, and the other led by southern socialists against British colonial rule. While Saudi Arabia backed the Zaydi Imams in the north during the civil war in the 1960s in what would become the Yemen Arab Republic, fearing the presence of Egyptian troops in Yemen and resistant to the spread of Nasserism, it soon reconciled with the northern regime. This was largely because it recognized the northern leadership as pragmatic rather than ideological; and because it saw the socialist south as the far greater threat, as it moved to sponsor anti-establishment movements across the region, most notably in neighboring Oman.

Riyadh became a major source of funding for the Yemen Arab Republic (YAR), providing some \$60m-\$80m a year in assistance to its neighbor;<sup>32</sup> and was, along with other Gulf states, the source of billions in remittances from migrant Yemeni workers back to their home country. A number of Gulf aid organizations led projects in Yemen, and the country is dotted with Saudi schools and mosques, and Kuwaiti hospitals. Less visibly, Saudi Arabia

<sup>31</sup> See Peter Salisbury, “Yemen and the Saudi—Iranian ‘Cold War’,” *Chatham House*, February 2015, [https://www.chathamhouse.org/sites/files/chathamhouse/field/field\\_document/20150218YemenIranSaudi.pdf](https://www.chathamhouse.org/sites/files/chathamhouse/field/field_document/20150218YemenIranSaudi.pdf).

<sup>32</sup> [http://www.cer.eu/sites/default/files/Yemen-and-the-GCC\\_burke\\_june12.pdf](http://www.cer.eu/sites/default/files/Yemen-and-the-GCC_burke_june12.pdf).



had begun a system of direct payments to Yemeni tribal leaders in the 1970s, both as part of efforts to stabilize a poorly demarcated border, and to ensure consistent influence in a notoriously restive territory. Payments were overseen by the Special Office for Yemen Affairs, led by Prince Sultan bin Abulaziz al-Saud, Saudi Arabia's longstanding defense minister from 1963 to 2011, with a budget estimated at one time at \$3.5bn a year.<sup>33</sup>

When, in 1990, Ali Abdullah Saleh gave tacit Yemeni support for Saddam Hussein's invasion of Kuwait, the response was swift. The Gulf states cut off aid and ejected an estimated 1 million Yemeni workers from their countries, an estimated 800,000 of them from Saudi Arabia, striking a devastating blow to the economy of a Yemen that had only recently unified. In 1994, a majority of Gulf states backed the former leadership of the socialist south in an abortive attempt at secession. Pragmatism ensured, however, that relations improved in subsequent years, and by the early 2000s fears over the rise of Al Qaeda saw aid flows resume.

By the late 2000s, Yemen had become so unstable that its collapse was widely predicted. In 2010, the UK and U.S. governments moved to form a new multilateral group for diplomatic coordination, the so-called "Friends of Yemen," "to mitigate the regional and international risk posed by the situation in Yemen." The grouping followed on from a donor conference in 2006 at which donors led by the GCC states had pledged approximately \$4.7bn for projects to help boost the Yemeni economy, only 10% of which had been dispersed four years later. As researchers at Chatham House noted at the time:

"Donors blamed the lack of progress on a combination of weak government capacity and scant political will at the highest levels in Yemen, along with stringent conditions attached to the funds by the Gulf states. Former regime insiders argue that Saleh played a double game: leveraging foreign support for the continuation of the regime and allowing corruption to continue almost unabated, while providing himself with a scapegoat for the lack of development."<sup>34</sup>

The Friends process—which was framed by British officials who advocated for the process for a working-level relationship with the Gulf states, with Saudi Arabia a co-chair—gave Western officials a window into Gulf aid dispersal strategies, which one diplomat described to the author as a mix of direct budget support, lavish pledges for huge projects like ports and power stations<sup>35</sup>—and unmanageable conditionality for those pledges. A former Yemeni official claims that requests for smaller, more manageable projects and commitments were seen as being "too complicated."<sup>36</sup>

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<sup>33</sup> Ginny Hill and Gerd Nonneman, "Yemen, Saudi Arabia and the Gulf States: Elite Politics, Street Protests and Regional Diplomacy," *Chatham House*, May 2011, [https://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Middle%20East/0511yemen\\_gulfbp.pdf](https://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Middle%20East/0511yemen_gulfbp.pdf).

<sup>34</sup> Ginny Hill, Peter Salisbury, Peter, Leonie Northedge, and Jane Kinninmont, "Yemen: Corruption, Capital Flight and Global Drivers of Conflict," Chatham House Report, London: Royal Institute of International Affairs, 2013, <https://www.chathamhouse.org/publications/papers/view/194239>.

<sup>35</sup> Author interview, Sana'a 2012.

<sup>36</sup> Author interview via social media messaging, October 2017.

Competition had also arisen over the roles played by different countries in Yemen. During the Sa'dah wars—a series of six battles between the Yemeni government and the revivalist religious Zaydi Shia movement known as the Houthis for control of the northern Sa'dah governorate, which borders Saudi Arabia—the Gulf states played different roles, often at cross-purposes.

Qatar had entered the Yemeni scene in 2007, offering to mediate between the President Ali Abdullah Saleh's regime in the capital, Sana'a, and the Houthi movement, and sending Al Jazeera journalists to interview members of the movement. This reportedly angered Saudi Arabia, which would enter the sixth and final Sa'dah war in 2009-10, sending its air force to bombard the Houthis, as officials in Riyadh saw Qatar as encroaching on "its patch." Emirati officials who had developed close ties with Saleh's family are also said to have expressed their displeasure.

### *2011 Uprising*

When protests broke out in Sana'a in early 2011, Al Jazeera—with the apparent sanction of Qatar's ruling al-Thani family—came out strongly in favor of protestors, who officials in Riyadh and Abu Dhabi saw as being members of the Muslim Brotherhood, which had successfully taken a leadership role in the movement that ultimately precipitated the resignation of Hosni Mubarak in Egypt. When street fighting broke out in March of 2011 between Saleh and his former Islamist allies from the Sunni Islah party, Riyadh cut off all aid to both sides of the conflict while Qatar was said to have given considerable financial support to Islah.

Despite decades of spending in Yemen, the GCC states struggled to carve out a niche as mediators over the course of 2011, and Saleh only reluctantly stepped down in November of that year after reportedly sneaking out of Saudi Arabia, where he had been treated for injuries sustained during an assassination attempt at his personal mosque in Sana'a earlier in the year.

After Saleh stepped down in late 2011, the GCC states again pledged large sums of money for development projects, and lent direct support to the government of new president Abd Rabbu Mansour Hadi, elected as the sole candidate in a February 2012 national poll. The Hadi government received an estimated \$4bn in cash, fuel, and other sources of direct aid from Saudi Arabia alone during Yemen's abortive political transition from 2012 to 2014, an internationally mediated attempt to move on from the 33 years of Saleh's rule. However, promised investments by the GCC states in major new infrastructure projects did not materialize.

In September 2012, members of the Friends of Yemen group had made the bulk of pledges that made up a promised \$12bn development package for Yemen. By the end of 2014, just \$3.1bn—just over a quarter of all pledges—had been dispersed. Of that amount, \$1bn was accounted for by a soft loan made to the Central Bank of Yemen by Saudi Arabia while much of the remainder came from existing donor pledges that marked a continuation of, rather than an expansion of, pre-2011 aid to Yemen.



In explaining the slow pace of dispersal, officials at the Executive Bureau, a Yemeni body formed to oversee aid and development spending, wrote that:

“The low disbursement rate of GCC pledges is contributed to the fact that the projects funded by the GCC are mostly large-scale strategic projects, mostly in the infrastructure sector, which, due to their nature, require longer periods of time—a minimum of six months to one year—especially during preparation and negotiation stages. Besides, lengthy processes by both the Government of Yemen and the donors lead to further delays, especially those processes related to the approval of external loans by the parliament, preparation of feasibility and technical studies, and tenders and contracts.”<sup>37</sup>

In private, government bureaucrats and international development officials complained that the GCC states had promised huge sums to Yemen but had set an incredibly high bar for the level of sophistication in tendering and procurement processes that the Yemeni government was unable to meet. During the same period, government spending in Yemen reached record levels— \$12.9bn in 2013 and \$13.4bn in 2014—despite collapsing income, with the bulk of expenditure (around 80%) directed toward current spending like wages, salaries, and other payments, rather than growth-promoting current spending on infrastructure. This approach, according to a former government official, was largely driven by the assumption that the funds pledged in 2012 would replace current spending needs, and that the GCC states would bail Yemen out when necessary, as the Saudis had done repeatedly in the past and did again in 2014.<sup>38</sup>

Yet this was not enough to prevent the rise of the Houthi movement, which in September 2014— backed by former President Saleh who had remained politically active in Yemen after his ousting in 2011—seized Sana’a, the capital, riding on waves of popular discontent with the collapsing economy, a spiraling security environment, and the Hadi government’s last-ditch attempts at reform, a fuel subsidy reduction announced suddenly in August of 2014. The subsidy cut almost doubled the price of gasoline and diesel, a far sharper rise than the World Bank and IMF had advised, with the decision made to avert a looming cash crisis in Sana’a.

The issue was compounded by the non-payment of welfare cash transfers to the country’s poorest people by the state-run Social Welfare Fund (SWF). SWF officials complained the Hadi government had refused to pay out the needed funds, despite Saudi Arabia’s insistence that money to the government in June 2014 (an estimated \$2bn) be used for the welfare payments. Some \$400m donated by Qatar to support confidence-building measures in south Yemen had also gone missing.<sup>39</sup>

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<sup>37</sup> Executive Bureau for the Acceleration of Aid Absorption and Support for Policy Reforms, *Report* (January 2014–January 2015), March 2015.

<sup>38</sup> Author interview, London, October 2017.

<sup>39</sup> Peter Salisbury, “Yemen’s Astonishing Financial Meltdown,” *Foreign Policy*, December 11, 2014, <http://foreignpolicy.com/2014/12/11/yemens-astonishing-financial-meltdown/>.

Despite the injection of Saudi cash, and the apparent appropriation of aid money to pay overheads, government officials began to claim that they would be unable to pay wages by the end of 2014, likely in the hope of further direct budgetary support. Once the Houthis had taken over Sana'a in September 2014, however, Riyadh and other Gulf states froze planned payouts to the Yemeni state, fearing—not without reason—that they would in effect be funding an Iranian-backed militia.<sup>40</sup>

In January 2015, the Houthis placed President Hadi and a number of members of his government under house arrest in response to an attempt by Ahmed Awad bin Mubarak, Hadi's chief of staff, to present a new draft constitution to parliament. The Houthis saw language on federalism—to which they had not agreed—as a provocation. Later the same month, Hadi and the entire cabinet announced their resignations after the Houthis forced the president to sign a new peace deal that better served their interests.

A month after being detained, Hadi fled Sana'a for Aden before rescinding his resignation.<sup>41</sup> The Houthis responded by advancing on the southern port city and, in March 2015, sending a fighter jet to launch missiles at or near the presidential palace in Aden.<sup>42</sup> Their willingness to use airborne missiles would appear to have finally tipped Saudi Arabia—which the Houthis had attacked during a 2009 conflict with the Saleh regime in Sa'dah—into action. On March 26, 2015, Riyadh announced the formation of a 10-member coalition and a military campaign aimed at ousting the Houthis from Sana'a and reinstating the Hadi government. Saudi officials predicted that the conflict could be won quickly after a demonstration of Riyadh's superior firepower, in a manner similar to the first Gulf war. Instead, as many analysts predicted, it soon descended into a debilitating quagmire from which, three years later, no winner has emerged.

### *A Tool of War?*

Soon after the war began, Riyadh was accused of using the economy—and aid—as a tool of war. In late March 2015, the coalition had announced a blockade of Yemeni ports to prevent arms imports. In support of the campaign and the blockade, Riyadh pushed for, and obtained, support for a UN Security Council resolution, 2216, tabled by the UK mission to the UN and passed by the council with a single abstention (Russia) on April 14. The 14th and 15th paragraphs of the resolution imposed an arms embargo on Ali Abdullah Saleh along with his son Ahmed, Yaha "Abu Ali" al-Hakem and Abdulkhaleq al-Houthi, two senior Houthi military leaders.<sup>43</sup>

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<sup>40</sup> Salisbury, "Yemen's Astonishing Financial Meltdown," 2014.

<sup>41</sup> Mohammed Ghobari, "Yemen's Hadi flees to Aden and says he is still president," *Reuters*, February 21, 2015, <https://www.reuters.com/article/us-yemen-security/yemens-hadi-flees-to-aden-and-says-he-is-still-president-idUSKBNOLP08F20150221>.

<sup>42</sup> Mohamed Mukhashaf, "Plane attacks Hadi's Aden base as Yemen conflict worsens," *Reuters*, March 19, 2015.

<sup>43</sup> "Security Council Demands an End to Yemen Violence," Adopting Resolution 2216, UN, April 14, 2015, <https://www.un.org/press/en/2015/sc11859.doc.htm>.

The resolution also called for UN member states to inspect any suspicious cargo bound for Yemen. Four days earlier, the Hadi government, now based in Riyadh, had announced the closure of Yemeni waters to vessels not preauthorized by the government. The coalition began stopping and searching vessels bound for Yemeni waters. The coalition also took control of Yemeni airspace and banned commercial craft from entering Sana'a airport. Aden airport had been cut off by fighting and soon after the coalition entered the war, the nearby port city of Mukalla was overrun by militias linked to Al Qaeda in the Arabian Peninsula.

By April 2015, the UN Office for the Coordination of Humanitarian Affairs (OCHA) warned that the blockade was catalyzing an impending humanitarian crisis. Air and sea ports were a "lifeline" for the country, given that 90% of Yemen's food and most of its fuel were imported, Johannes van der Klaauw, the head of OCHA's Yemen operations, noted at the time, "However, these lifelines have been hampered as most of Yemen's airports are not open to civilian traffic, and transports by sea are subject to the coalition's inspection regime related to the arms embargo mandated by the UN Security Council."<sup>44</sup> In May 2015, Human Rights Watch noted that the coalition was not allowing fuel to enter the Houthi-held Hodeidah port, deepening the crisis. "More children in Yemen are at risk of dying from hunger and lack of health services than from bombs and bullets," van der Klaauw said.<sup>45</sup>

As the war progressed, so did criticism of the Coalition and Saudi Arabia in particular. Accusations of war crimes stemmed from civilian casualties incurred by airstrikes, the use of cluster munitions in civilian areas, and allegations of economic warfare. These accusations in turn led to pressure on Saudi Arabia's Western allies, particularly the UK and the U.S. The UN meanwhile began to explore mechanisms that would ease restrictions on trade entering the country. As one Western official noted of the complexity of the situation in 2017: "UN humanitarian workers were forced to privately lobby UN headquarters to come up with a plan to counteract the effects of a UN Security Council resolution, and to prevent mass starvation."

From mid-2015 onward the UN, with the support of the UK's Department for International Development, oversaw the formation of a new body, the UN Verification Mechanism (UNVIM), to verify the contents of shipments. Yet it was May of 2016 before UNVIM started work, in part because of procedural and bureaucratic issues but also, allegedly, because of resistance from Saudi Arabia and the Hadi government, widely seen to act under instruction from Riyadh. By this time, the Aden and Mukalla ports were under the control of coalition affiliated groups, and the main access issues surrounded Hodeidah and neighboring Salif ports, which combined accounted for some 59% of all grain and rice imports before the war.

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<sup>44</sup> "Humanitarian Coordinator for Yemen, Johannes van der Klaauw Statement on the Situation in Yemen," April 23, 2015, UN OCHA, April 23, 2015, <https://reliefweb.int/report/yemen/humanitarian-coordinator-yemen-johannes-van-der-klaauw-statement-situation-yemen-23>.

<sup>45</sup> "Humanitarian Coordinator for Yemen", 2015.

UNVIM has been able to improve trade access to Hodeidah, although traders have complained that the coalition continues to arbitrarily delay some shipments from entering, and that it stops and searches shipments on a regular basis. The coalition has not been able to shrug off accusations that it sees the economy as a weapon to be used against the Houthis. In September 2016, Hadi announced that he would move the Central Bank of Yemen to Aden despite warnings from Western officials that this would only deepen the country's economic problems. The move led to a freezing of the bank's accounts abroad, making it harder to bring imports into the country. And in November 2017, following a missile attack on Riyadh, the coalition announced that it would impose a total blockade on Yemen's ports, citing the illicit smuggling of missile components into the country despite broad consensus that where smuggling of such components is taking place in Yemen, it is not happening via cargo shipments. (The author's research into smuggling networks and routes in Yemen strongly suggests most smuggled goods enter from the southern coast or the country's land borders.)

The coalition has also mooted, since late 2016, a plan to seize Hodeidah through force, cutting off a vital economic lifeline to the Houthis and—it claims—preventing the shipment of weapons from Iran. Humanitarian agencies have warned of outright famine if Hodeidah is cut off. Multiple Western and Arab officials have described this plan as a broader process of “squeezing” the Houthis into submission, despite evidence that the Houthis are likely to be the last to suffer in territories they hold, and that such actions worsen the economic and humanitarian climate.

### *Aid as a Mitigating and Political Factor*

Since the conflict began, Saudi Arabia has denied accusations that it is using the economy as a weapon of war, and in bolstering its position has pointed to its status as Yemen's largest aid donor. Yet even this largesse has been tinged with politics.

In April 2015 Saudi Arabia announced that it would fund the UN's “flash appeal” for Yemen, a \$244m pot of funds aimed at helping UN humanitarian organizations meet the challenges of the conflict. Yet by June 2015, no money had been distributed and UN officials were privately expressing concern that the kingdom was using the donation to gain unprecedented control over the distribution of aid in Yemen.<sup>46</sup>

In May 2015, Riyadh announced the creation of the King Salman Humanitarian Aid and Relief Center, which was to be Saudi Arabia's primary aid distribution and monitoring body. Its first task was to oversee the distribution of the \$244m promised to the UN. Aid officials involved in talks with the center claim that their counterparts initially demanded that the funds only be used in areas outside of Houthi control, and that they placed heavy

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<sup>46</sup> Samuel Oakford, “Saudi Arabia is Thwarting the Distribution of Emergency UN Aid in Yemen,” *VICE News*, June 26, 2015, <https://news.vice.com/article/exclusive-saudi-arabia-is-thwarting-the-distribution-of-emergency-un-aid-in-yemen>.

conditionality on the funding.<sup>47</sup> In June 2015, an agreement was reached over the distribution of the funds to nine different UN agencies.

Says a senior UN official involved in the discussions at the time: “It made a lot of people uncomfortable. The country bombing Yemen was also setting conditions on how aid be used. There was a sense that if we didn’t push back against some of the demands that were being made, particularly around where the aid was being distributed, we would lose our neutrality but that if we didn’t reach a compromise no one else would step in with funds because the Saudis had already announced that they would pay. The problem is, once that had happened—and when it has happened since—other potential donors feel like they are off the hook. But it also put us in an incredibly difficult position.”<sup>48</sup>

These fears only deepened when, in June 2016, the UN issued its annual report on the status of children in armed conflict, which includes a name-and-shame blacklist of the worst violators of the laws that are meant to protect children during wars. For the first time, Saudi Arabia was included on the list. The report claimed that the kingdom was responsible for some 60% all casualties among children since the Yemen war began, and that its aerial campaign had led to the death of 510 children.<sup>49</sup>

Riyadh responded by lobbying both the UN secretariat and members of the security council to have its name removed from the list. Saudi Arabia threatened to cut off all funding to the UN, including hundreds of millions of dollars for humanitarian projects, including funding for Yemen.<sup>50</sup> As a compromise, then-UN Secretary General Ban Ki Moon announced that he would suspend the listing pending a review of the decision to add Saudi Arabia to the blacklist.<sup>51</sup> The net result, says a Western official who works at the UN, was that the UN’s credibility was undermined and the Saudis’ willingness to politicize aid was put on full display.<sup>52</sup>

### *The Yemen Comprehensive Humanitarian Operations Plan*

The Saudi and broader coalition approach has become more nuanced since the very public spat over the UN report. By late 2016, coalition-affiliated forces controlled the two main Yemeni ports, Aden and Mukalla, and the main land borders that connect Saudi Arabia with Hadramawt and Oman with Al Mahra outside of Houthi control. It was at this point that the coalition—the UAE in particular—began mooting its plan to seize Hodeidah port, and to use the language of humanitarian intervention to justify its plans.

Since the conflict began, the coalition has repeatedly claimed that the Houthis—who have been able to access anti-tank guided missiles, components needed to expand the range of

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<sup>47</sup> Oakford, “Saudi Arabia;” author interviews 2015-present.

<sup>48</sup> Author interview via Skype, November 2017.

<sup>49</sup> Colum Lynch, “Confidential UN Report Accuses Saudi Coalition of Killing Hundreds of Yemeni Kids,” *Foreign Policy*, August 16, 2017.

<sup>50</sup> Lynch, “Confidential UN Report,” 2017.

<sup>51</sup> Lynch, “Confidential UN Report,” 2017.

<sup>52</sup> Author interview, New York, August 2017.

their stockpile of ballistic missiles, and other “battle-winning” technology, allegedly supplied by Iran—have been smuggling weapons and other materiel into Yemen via Hodeidah port. The coalition also recognizes that the port is an important economic lifeline for the Houthis, who have consolidated control over food and fuel imports, earning large sums by taxing imports and local markets, and by working with affiliated merchants to inflate the prices of basic goods.

Around September or October 2016, the UAE’s Presidential Guard presented a plan for a maritime assault on Hodeidah aimed at seizing the country’s biggest port, striking an economic and strategic blow against the Houthis.<sup>53</sup> A key argument around the plan was that once the port was under coalition control it would be easier to inspect cargoes and that trade and aid would flow more freely into the Houthi-controlled northwest. However, the plan was based on a highly ambitious projection that the battle for the city could be won in a matter of days and that port facilities would take at most three weeks to be restored to working order, meaning that disruption to supply would be kept to a minimum. Many analysts and humanitarian organizations disputed the bullish prediction of both a quick win and negligible humanitarian impact.

The main impediment to the plan was the need for support from the U.S. military, which the Obama administration refused to give. Donald Trump’s victory in the November 2016 presidential elections gave the coalition cause for hope, with James Mattis, the new defense secretary and an avowed fan of the UAE military, initially giving the plan his cautious blessing. However, U.S. military leaders soon decided that not enough planning had been done and too few contingencies been taken into consideration for the plan to be given the green light. “We continued the conversation and didn’t say no, but kept asking for more detail as a way of stalling things,” says a U.S. official.<sup>54</sup>

The Hodeidah plan likely prevented the UN’s World Food Programme from delivering four cranes paid for by the U.S. government to Hodeidah. Air strikes on Hodeidah in 2015 had damaged its cranes and left the port operating below capacity. WFP received funding for the cranes in late 2016 and transported them to Dubai in early 2017, in preparation for shipment to Hodeidah. However, the coalition repeatedly blocked their transportation into the port, arguing that they would be used to bolster the Houthis.

Coalition officials were aware that one of the key arguments against the incursion into Hodeidah was that it would exacerbate the humanitarian situation. The areas of Yemen under Houthi control are the country’s largest population centers, and Hodeidah port accounted for 59% of pre-war wheat imports.<sup>55</sup> It is also the site of the country’s largest

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<sup>53</sup> Author interviews with Western, regional, diplomatic, military, intelligence, officials, October 2016-October 2017.

<sup>54</sup> Author interview, Washington, D.C., March 2017.

<sup>55</sup> “Navigating Yemen’s Wartime Food Pipeline,” *Deeproot Consulting*, November 29, 2017, <http://www.deeproot.consulting/single-post/2017/11/29/Navigating-Yemen’s-Wartime-Food-Pipelin>.



grain silos and only wheat milling facilities.<sup>56</sup> With the country at crisis levels of hunger, the loss of the port could translate to outright famine, humanitarian organizations warned.

Saudi Arabia had begun a PR offensive at this stage of the conflict, sending a delegation of political and military officials to give presentations on the aerial campaign and other aspects of the military campaign in London, Washington, and elsewhere, and engaging a large number of PR firms to assist them in their planning.<sup>57</sup> In 2017, the kingdom began work on its own humanitarian plan for Yemen, the Yemen Comprehensive Humanitarian Operations Plan (YCHOP), in conjunction with Booz Allen Hamilton, a U.S. consultancy firm that works closely with the U.S. military and intelligence services. In January 2018, Saudi officials began to discuss the plan with diplomats engaged in Yemen and humanitarian organizations, including the UN.<sup>58</sup>

The plan allowed for the delivery of the cranes to Hodeidah, but also for work to boost the capacity of ports under the control of coalition-backed groups, and for the Saudi port of Jizan to be used, along with an “air bridge” to Mareb governorate, to increase the volume of trade entering Yemen, via territory controlled by coalition-affiliated forces. Images used as part of demonstrations for foreign officials showed trade being diverted from Hodeidah to Jizan and trucked overland to Mareb. This, Saudi officials argued, would mitigate the risk of weapons being smuggled into Hodeidah, and would hurt the Houthis’ ability to generate revenues from oil and taxation.

“In effect, the main point of the plan seemed to be to demonstrate that Yemen could be well-supplied with its needs, the Houthis strangled, and Hodeidah taken out of commission without significant impact on the humanitarian situation,” says a Western official briefed on the plan. “It was jokingly described as the invade-Hodeidah humanitarian plan, and the fact it was called YCHOP didn’t help.” The plan has since been renamed to YCHO. Among the strongest responses to the plan came from International Rescue Committee, which described it as a “war tactic” focused on “consolidating control over access and transit points.”<sup>59</sup>

At the time of writing, the author’s contacts reported that the plan to take Hodeidah by force was still in play, albeit with the maritime incursion replaced by a UAE-led campaign for Yemeni forces to seize the city overland along the country’s western Red Sea coast. Humanitarian organizations continue to warn that fighting for the port will only worsen the humanitarian situation, while analysts question the strategic gains to be made from the push *vis a vis* the Houthis.

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<sup>56</sup> “Navigating Yemen’s Wartime Food Pipeline,” 2017.

<sup>57</sup> The author attended one such event in London in March 2017.

<sup>58</sup> Annie Sliemrod and Ben Parker, “Yemen PR wars: Saudi Arabia employs UK/US firms to push multi-billion dollar aid plan,” *IRIN*, February 6, 2018, <https://www.irinnews.org/investigations/2018/02/06/yemen-pr-wars-saudi-arabia-employs-ukus-firms-push-multi-billion-dollar>.

<sup>59</sup> “Yemen: Saudi ‘aid’ plan is war tactic,” *International Rescue Committee*, February 22, 2018, <https://www.rescue.org/press-release/yemen-saudi-aid-plan-war-tactic>.



## Lessons Learned

The Gulf states of 2018 have extensive experience as donors, in development, and in the use of foreign aid as a tool of soft power both in relatively stable contexts and in fragile and failed state contexts including Afghanistan, Somalia, and, latterly, Yemen. The GCC states are likely to become increasingly influential donors, and to have growing sway over how funds are spent at a country level.

Multilateral organizations like the UN and World Bank are already looking to the GCC states as important donor nations with a mix of expectation and trepidation, particularly when reflecting on their experiences in Yemen and other conflict-affected Middle Eastern states. At the same time, the GCC states find themselves in a relatively unique position: Kuwait, Qatar, the UAE, and Saudi Arabia have high GNI per capita, are increasingly influential donor nations, and yet are listed by the International Monetary Fund as “Emerging Market and Developing Economies” (a designation many disagree with). As they become more experienced at home and abroad, there is the potential for cross-pollination of thinking between those working on external and internal development.

This thought allows us to return to the questions posed at the beginning of the paper: what lessons have been learned overseas and at home, and have they cross-fertilized one another; whether development assistance and other forms of aid have translated into power and influence; the strategic agenda with which aid is given beyond broad notions of “soft power,” and particularly whether a “whole-of-government” approach has been employed. Finally, to what extent is there of what DAC aid agencies might describe as “conflict sensitivity” in the age of the chaos state.

To answer this question, the author met and interviewed multiple individuals who had worked in the past or continued to work in ODA, aid, or other externally-focused sectors in four key Gulf states—Kuwait, Qatar, Saudi Arabia, and the UAE—over the course of 2017. A first, analytical lesson from this process was the lack of freedom interviewees felt to speak freely on the issues in a critical manner without assurances of identity protection, in almost all cases to the extent of not having the country they worked in or had worked in referred to, and in others asking that they not be directly quoted. This has led the author to produce qualitative findings from the process as an amalgam.

In answer to the first question, how lessons learned have been scrutinized and applied, there was a broad range of answers, with interviewees returning often to the issue of interagency communication and cooperation; and to the difficulty of applying lessons learned in often deeply personalized institutional contexts where organizations and ministries are often seen as “belonging” to a single individual or group.

In general, a pattern can be described from these interviews: institutions focused on aid and development projects largely flourished or failed on the basis of the dynamism and willingness to learn of the key personality in charge. Some spoke glowingly of senior

officials who hired and fired on the basis of merit and had an appetite for integrating new ideas from the wider worlds of aid and development.

Others described what one interviewee said were “press release sheikhs”—individuals who were most concerned with being able to issue glowing public reports on their work, referring to specific numbers related to dollars spent and tonnes dispersed. Overall, interviewees described a trend towards international standards—or at least the appearance of international standards—in Qatar, Saudi Arabia, and the UAE in particular. However, one interviewee cautioned, this apparent modernization process was at times limited to “doing good PowerPoints” for other agencies.<sup>60</sup>

Several interviewees who worked at older, longer-established institutions described a clear tension between established personal networks both in the donor country and among recipients and a more modern, technocratic approach. Local charities and individuals in countries like Lebanon, Palestine, and Yemen had become trusted and (apparently) efficient conduits for aid, and “got things done” and attempts to implement meaningful monitoring and evaluation mechanisms or quantify the overall effectiveness of the projects they had been entrusted with was frowned upon.

Interviewees asked about cross-fertilization of thinking on development at home and abroad related a deep taboo around any comparison between poorer Arab states and the rapidly modernizing Gulf states. “Do you want to be the person who tells someone in Riyadh that he should learn lessons from Ramallah or Sana’a?” one interviewee said, before wryly noting that the growing popularity of Western management consultancies from the mid-2000s onward had a similar effect.<sup>61</sup> Often, the broad policy proscriptions provided to the GCC states by firms like McKinsey bore a strong resemblance to those provided, for example, to Yemen in the past.<sup>62</sup>

Where senior officials from key ministries (foreign affairs, defense, intelligence) did request input from organizations working on development, aid, and other issues, the information flow tended to be one-way. The author met several non-GCC nationals working for one Gulf government agency who, while ostensibly working on scenario planning and economic development planning for Yemen, found that the reports they generated were often in demand by key leaders, but that they received little to no feedback on their work, and had no idea if their ideas were being implemented as the military was in charge of project implementation on the ground. A non-Gulf citizen who had worked on development and other issues in two different countries described his hiring by the second state in part, he believed, because it wanted to better understand the first country’s approach. This was the most open he had seen officials to lessons learned, he said.<sup>63</sup>

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<sup>60</sup> Author interview, GCC state, March 2017.

<sup>61</sup> Author interview via social media messaging app, October 2017.

<sup>62</sup> In 2009 McKinsey designed a “Yemen Rescue Plan” that called for targeted short-term reforms that were very similar to those being proposed by consultancies to many of the Gulf states.

<sup>63</sup> Author interview, GCC state, March 2017.

The greatest divergence between interviewees came when they were asked to describe the agenda and soft power ramifications of foreign assistance. Before the financial crisis of 2008-2009 and the Arab Spring uprisings of 2011, there would appear to have been a relative laxity toward foreign aid in the four main donor countries. With hydrocarbon-based economies booming and the U.S. providing a security umbrella for the region, aid could be dispersed in a manner that fit with broad national priorities. Afghanistan, Lebanon, Palestine, Sudan, and Yemen—and southeast Asian nations affected by the 2014 tsunami—all received generous aid packages.

During this period, Qatar had had the most clearly defined strategy, albeit a somewhat scattershot one, aimed at building on the soft power influence that Al Jazeera, the Arabic- and English-language broadcaster, had bought the country from its foundation in 1996 onward. Under emir Hamad bin Khalifa al-Thani, David Roberts writes, Qatar “sought to harness the post-Cold War zeitgeist to forge the Qatari state as a mediator, a font of soft power in the sporting, media, and educational arenas, and as a state enmeshed in an ever-thickening web of international relations via its liquefied natural gas (LNG) shipments to states like the United Kingdom, China, Japan, and South Korea.”<sup>64</sup>

As is discussed in the previous section of this report, aid and development packages—often tied to mediation efforts—were part of this strategy, which produced mixed responses from other regional and international powers. Qatar, in the words of one Western official, “effectively underwrote Gaza from the mid-2000s onward, which helped Israel and the U.S. out of a fix, but also led to the perception that they were propping Hamas up.”<sup>65</sup>

In the telling of another Western diplomat, the UAE and Saudi Arabia saw Qatar’s attempts to become a soft-power giant through aid and diplomacy lead to attempts to catch up and supersede their near neighbor. A combination of purse-string tightening, disillusionment with the Obama presidency, and responses to regional unrest caused shifts in approach to foreign aid from 2011 onward that continue to evolve to this day. Qatar was an enthusiastic backer of a number of different anti-establishment groups from 2011 onward, many of them with ties to the Muslim Brotherhood. The UAE and Saudi Arabia, meanwhile, lent their support to Libyan groups (in the case of Abu Dhabi) and anti-Assad fighters in Syria (Saudi Arabia), with local charities across the Gulf sending hundreds of millions, if not billions, of dollars to everything from humanitarian appeals to jihadist groups. Kuwait during this period would appear to have adopted a stance that was either neutral or in line with the GCC party line, led by Saudi Arabia and latterly the UAE.

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<sup>64</sup> David Roberts, “Securing the Qatari State,” *Arab Gulf States Institute in Washington*, June 2017, [http://www.agsiw.org/wp-content/uploads/2017/06/Roberts\\_Qatar\\_ONLINE.pdf](http://www.agsiw.org/wp-content/uploads/2017/06/Roberts_Qatar_ONLINE.pdf).

<sup>65</sup> Author interview, location withheld to protect source, November 2017.

The author was not able to interview senior officials on soft power, but a broader set of meetings, discussions, and private discussions outline the different policy paths taken by the Gulf states since 2011, and the current trajectory:

- 1) Qatar—self-defense, some retrenchment
- 2) Kuwait—quiet diplomacy, continuation of aid “where not controversial”
- 3) Saudi / UAE—stepping up their role through mix of coercion and financial incentives

Saudi and Emirati officials are said by diplomats and other interviewees to be frustrated by their inability to convert assistance into influence or indeed power. This has been evidenced by Saudi Arabia’s treatment of Saad Hariri, the Lebanese prime minister and son of former Saudi client Rafic, who was placed under effective house arrest in Riyadh in November of 2017.

What can be divined from a broader review of GCC states’ spending since 2011 is an increasing willingness to openly fund non-state actors in contexts where they serve the individual agendas of their funders; and to use aid packages to achieve their aims. This is most evident in Yemen, where the UAE and Saudi Arabia have worked, for example, with non-state Salafist and secessionist groups to achieve their military aims. At the same time, the Saudis have become the funder of last resort for humanitarian work but have also attempted to influence aid delivery, threatening to cut humanitarian funding because of a UN listing accusing Riyadh of not respecting the rights of children in armed conflict.

## Conclusions

The Gulf states are longstanding and prolific donors and are likely to become increasingly prominent players in the humanitarian and development space, particularly in the Middle East and North Africa, in coming years. As such, they are likely to develop an influential voice on how aid is used and where.

However, it remains unclear how reliable of a partner Saudi Arabia in particular will be for major multilateral organizations and countries with which it has important bilateral relationships as a funder. What is clear is that the Gulf states—Saudi Arabia and the UAE in particular—will use their increasing weight in the humanitarian space to achieve their political aims and quiet criticisms over their conduct in spaces like Yemen.

Unfortunately, not only is this transactional approach to humanitarian and developmental aid unlikely to be responded to with pushback, it may well be becoming the norm for Western powers like the U.S. Under the leadership of Donald Trump, the U.S. has become increasingly transparent in its desire to link aid to political support, and in its willingness to use the withdrawal of funding as a punitive measure, cutting funding for the UN Relief and Works Agency for Palestinian Refugees (UNRWA) by half in response to Palestinian

criticisms of its decision to move its Israel embassy from Tel Aviv to Jerusalem.<sup>66</sup> The UK, meanwhile, has developed a clear focus on prioritizing commercial ties to foreign partners over humanitarian and human rights issues.

Continued withdrawal of the U.S. from funding humanitarian projects abroad may also create a context in which the UN and other aid agencies have little choice but to turn to the Gulf states, while the use of large pledges may also be used to “crowd out” other potential donors, as has happened in Yemen. In January 2018, the Saudi-led coalition pledged \$1.5bn in assistance for Yemen that is likely to be dispersed along the lines of YCHO, the Saudi plan that is widely seen as an attempt to divert trade from Houthi-held facilities.

Yet this approach comes laden with risk for the UN, for Western powers, and for the Gulf states themselves. The UN’s decision, for example, to remove Saudi Arabia from the “blacklist” annex of the Children in Armed Conflict, for example, undermined the UN’s status as a neutral arbiter of international law and humanitarian principle, and badly damaged Saudi Arabia’s reputation. The U.S. and UK, through their inaction, also came under fire. Future, more egregious attempts at what has been described as political blackmail are unlikely to go unremarked upon, particularly in a context where Western media outlets are increasingly fixated on Gulf attempts to “buy” influence abroad.

The Gulf states’ visibility in the humanitarian space could still come as a major benefit to the Gulf countries—if they are willing to engage with and learn from professionalized humanitarian organizations with deep institutional experience. However, if they continue to chart their current course, there is a danger for deep reputational damage to all concerned, and for mistrust in humanitarian action in general to grow.

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<sup>66</sup> “US cuts UNRWA funding by more than half,” *Al Jazeera*, January 17, 2018.